#  <br> INTERNATIONAL <br> <br> Heralde Uribune 

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Published with The New York Times and The Washioggton Post
'vidence of Soviet Buildup in Libya Points to Grave Military Threat to West


T. Analysts Expect awn-Out Fight for Salvador Control y y unan vasque coll


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## Zia Offers to Free Dissidents; Hijackers Add New Demands





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## U.S. Scientists Say Coffe





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## North-South Talks

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## We Have No Idea'


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## White House

 Said to FavorRowny for Post



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and Sen Charles $H$. Percy, the Re-
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Mr. Rowny, 63, a retired lieutien-
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\section*{Islamic Mission Fails To Effect Gulf Truce <br> 

## Launching of Suborbital Rocket in Libya Claimed By West German Mystery Firm

By John Vinoc


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Spaniards Angered by Haig Comment on Coup Attemp


## Conditional Reagan Agreement Reportex On Jouning North-South Economic Tallss



Samphan Reports Progress in Sthanoule Talls
 made progress on settliag shirir differences and joining together to drive





Russia Sends 2 Cosmonouts Toucand Salyut-6 MOSCOW - The Soviet Union Thursday lampord a tro-mann spack-




Bank Denies Refusal to Handle Irom Accomit LONDON - The Bank of England Thursdy denied reports that it
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Russia Seen Past High Grain Price

## Whan ishicron - The Sovies




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## Soviet Caviar Scandal Said to Thicken <br> ${ }^{0} \mathrm{H}$ Kevin Klose <br>   Accordiag Ro these andoficial <br> 

Soviet Dancer Is Seized
After Challenging Story





## HHeraldee

## Taxes and Redistribution

The federal income tax system tries to
hard to redistribute income from rich poor. the theory goes. and the result is low: tion intends to do something about that. The Tresident's tax program. Secretary of the signed to "expand incentives and opportuni-
ties for socially productive efforss and saving for alt taxpayers, not try to redistributue a
iower and slower growing amount of total income." The striking thing about the distribution of income in the United Sates is that there's
ceen hardly any visible change for more than 30 years. The country as a whole has grown much ncher. but the shares of total income a the top and at the botom are just abou
there they were in the late 1940 . We say thas with a couple of emphatic qualifications that readers will need to keep im mind as this debate proceeds. There are many differen count it. L.S. demography is changing, with hamises becoming smailer; that does strange
thing to the figures on family income. The greater than the trends in anyent are far spite of all the hazards, the broad pattem is worth nouing
At the top of the scale. the income tax rates paid by the wealthiest have dropped
over the pasi generation. in World War II a surrax took the top rate up to 90 percent. It
was reimposed during the Korean War. and remained until 1963 - that is through the insestment boom of the 19505. It dropped to

## Congress and the Budget

budget, Americans are going to find out a lo about themselves and their political ideas.
Much casually accepted tradition and received wisdom is coming under fiercely ho taxpayers and voters as well, are going to
find themselves pressed hard to decide what they really think aressed hard to decide what gal aid, and subsidies for synthetic fuels, an and easy detachment will not necessarily be signs of intelliz Now that Mr. Reagan has formally sent his budget to the Capitol, a period of rebuntal
begins. The interests that built these separate progiams win have a chance to derend them left exclusively to the subcommittees weing the lobbies are strongest. The congressiona budget procedures that bave been developing ture of budget politics. that the tax cut legislation will follow, stage by stage a reconciliation bill That's the way
the House intends to hold itseff to its promise to keep spending cuts running paralbe a devastatingly efficient instrument of control it shints discretion sharply away quired to vote on limits to spending and re defici. The reconciliation bill is designed to enforce those limits by assigning each com-
mittee a figure, in dollars that it must mittee a figure. in dollars, that it must no how to stay within its total But the total,
once imposed, is fixed. According to the curbe passed before the tax legislation will ber
the Vienam surtax, and back down in 1971 .
The foinowing year the top rate on eamed
income was lowered to the present 50 perThrough all of it, the share of the total income tax burden paid by by the wee thiest
taxpayers has been remarkably stabile As for taxpayers has been remarkably stabie. As for
peopie in the middle and at the bottom, the seady rise of the Social Security payroll taxes has weighed heavily on them. Taken all
together, the taxation of personal income is together. the taxation of personal income is
somewhat less progressive today than it was somewhat liss progeressive today than it wa But in the intervening years, the federal
government has colicted increasingly large revenues. mainly from people in the top third
of the ladder, and distributed them mainly among peoppe in the bottom haff. Why hasn't that changede the dis stribution of income more
significantl? There are several hypotheses significantly? There are several hypotheses.
all controversial. Perrhaps there is a trend toward concentration at the top that has
been offset by the tax system. Bnt that's not clear.
It's possibie to argue that there is some
evidence of a faint trend toward greater equality of a a fiant tend toward greater tainly there has been no shif, eeither in income or in taxation, sufficient to account for
the sudden and drastic increase in inflation the sudden and drastic increase in inilation. earrly 197 s . Similariy, there's a case for a tax cut. But it's hard to conclude that the administration's proposed changes in the distribu-
tion of taxes would make any very dramatic tion of taxes would make any very drans.
difference in the way the economy works. THE WASHINGTON POST.
aremely promising attempt to ensure that the final budget represents the will of Congress
as a whole, rather than the will of certain wilfful chairmen.
At the end of the present congressional At the end of the present congressional
session next fall, what will have been accomplished? The budget will have been cut, certainly, although perthaps not as much as Mr.
Reagan originally hoped. The country will heave been through he eeducation that a good
hot political fight generates. Perhaps it will tum ont that most Americans, when pressed on these questions, decide they don't bike
some of the cuis that Mr. Reagan and Mr. Stockman have proposed. But the question, be whether you want the program The quesfion will be whether you are willing to pay fax cut legislation will stay. one stember, the
thind the budget legislation on this steep path. The congressional budget process is a
method -if it works - to produce a budgel method - if it works - to produce a budget port the taxes to balance it This procedure offers an end to the corrosive practice of
passing budgets loaded with spending propassing budgets loaded with spending pro-
grams that not many people spem to want,
but that no one is able to shutr off. It's that kind of spending that has eroded the pnblic's colerance for taxation, meiting resentment and rebellion against tax rates that keep ris-
ing automatically without overtaking the defcii. The goal here is not to cut the budget to any arbitrary figure. The total may turn out
to be bigher than Mr. Reagan wants, and yet represent a victory. for both him and Congress. They will have achieved a political tri-
umph umph in they can produce a budget for which
the United States after careful consideraTHE WASHINGTON POST.

## International Opinion

French Election Campaign
In view of the basically yimilar positions of the irree main demoraricic contestants in the Corthcoming French presidential elections.
the officiating President Valery Giscard dres. itaing uhe Gaullist Jacques Cbirac and the Socainis proncois Mintermand - it wilm maindd by the Socialists. Adimiteedy none of the three main protagonists can succeed witbout help from outside bis own party, and bhis throws Mr. Mil njsts, which many Frenchman may find dismiourted in recent months by Communist
 Giscard deveraing's position deve ootrgoing
president president gives
spanality stakes.

- From The Ne


Compromise for Kampuchea?
The discussion of a new alliance with protestation on the part of the Khmer Rouge traat they have disowned past dogmas, or will only for an independent govermment in
 as this pargest guerilla force is not willing to
be a a purely civil partner in a new govern-
meni Equaly, Son San's Sight-wing Khmer
People's National Liberaion in this Khmer Rougei intrasigigencie good rea-
son not to pursue eny further talks of an alliance This deadock in Pyongyang probably
ends any bope of a united guerila move mennt in opposition to the Heeng Samrin gov-
enmentit It does not mean that he search for anment It does not mean that he search for
a peaceful compromise in Kampuchea must
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be abandoned. From The Times (London).

## In the International Edition

## Seventy-Five Years Ago

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## Fifty Years Ago

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Arming the Arabs: Misguided Decision,



## The Liberal Task



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Shorter＇Heaven＇s Gate＇ Will Reopen in April By Dale Pollock









## Opera in Paris

A Glowing Bizet＇Pearl＇



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NYSE Nationwide Trading Closing Prices Mar. 12





NYSE Nationwide Trading Closing Prices Mar. 12




## 5. Machine Tool Stocks Defy bality of Shrinking Business

March 11. 1981
Reagan Sets Plan for U.S. Participation in World Bank


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 NEW ISSUE

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EUROPEAN INVESTMENT BANK
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Offering Price: 100\%
$\begin{array}{ll}\text { Maturity: } & \text { April 1. } 1991 \\ \text { Listing: } & \text { Frankfurt am Main. Bertin, Düsseldorf, Hamburg and München }\end{array}$

Deutsche Bank
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## 1,000,000 Shares



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## (3.) one-story industrial building <br> On 20 acres. . ${ }^{2}$. <br>  <br> 

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Walton Calls It Quits; Lloyd's Accepts Claim
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## Observer

## The Nuclear Chair?







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## The CIA

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